PART II

Q: Mr. Gianelli, one of the studies that was done, or at least completed, while you were Assistant Secretary was the National Waterways Study, done by the Institute for Water Resources. As you recall, this was a study that was authorized by Congress; it was designed to show what the future of America's waterway system was going to be until the end of the century, and what needed to be done to rehabilitate the system. When the study came to your office, as I recall, you put it on hold for a while; evidently you had some question about what to do with it. And I am wondering if you could elaborate on that a bit.

A: I'm a little hazy on this. As I remember, the study started quite a bit in advance of my arrival on the scene in Washington. It is my recollection that when the report came across my desk, a question arose as to the economics and the usefulness of the study. Another question related to the assumptions made in the projections used in the study.

Q: Do you have any recollection about any of the specific assumptions that you questioned or people questioned?

A: No, I can't recall.

Q: Okay. Another project, if you want to use that expression, that was authorized by Congress--ordered by Congress, really--was the idea of the minimum dredge fleet.

A: Oh, yes. I am familiar with that.

Q: And I want your impression of whether you, first of all, support it. Whether you think it is a good idea. Whether you think that having a minimum dredge fleet perhaps has put the Corps in a difficult position in terms of gearing up for wartime.

A: Well, I think--here again, this was a subject where legislation or direction was given by Congress before I arrived. But I am well familiar with the study, and I remember some of the dialogue that took place with respect to it.

I guess I have some mixed feelings about the study. Apparently the driving force behind the legislation was

the private sector dredgers, who believed that if the Corps was not doing so much in the way of dredging, there would be more available for the private sector. Apparently the private sector had constructed a number of dredges in certain areas which were underutilized because the Corps had so many of its own dredges that it was operating.

But again, I have--as I say, I have mixed feelings. I think there is a need for the Corps to have some capability. Exactly what that capability is, and what it should be, is certainly arguable and, I would say, quite controversial. The matter of eliminating, for example, the dredges on the Great Lakes has been one of great controversy. But here again, the Corps, working with the private sector, determined that the private sector dredges would be available in the Great Lakes area to take care of any problems there, and that therefore it wasn't necessary for the Corps to have any dredgers in that area.

Again, as I say, I think the Corps needs to have some capability. Exactly what it ought to be I don't have any strong views on. And certainly the Corps has been trying to work with the private sector, so that, in case of emergency, the private sector fleet would automatically be made available to the Corps for that emergency work. If that all takes place and works out satisfactorily, that might be a partial answer then for the Corps having to maintain such a large fleet. Again, I believe there is some need for the Corps to have some basic capability in this area.

Q: Would you be in favor of using private sector vessels in a war zone?

A: Well, it isn't a matter of whether I would be in favor of it. I think it is probably a matter of whether the private sector would be willing to take that risk without some sort of guarantee. I believe that would be the issue. The issue would be whether or not you could get private sector dredges to operate, for example, under a condition of war. I don't know.

Q: Okay, let me turn to a completely different subject. And that's the subject of hydropower. I guess the easiest way to ask the question is just to ask, first of all, what do you think the Corps' role should be in hydropower development?

A: Well, first of all, I think you have to break hydropower down into several component parts. For example, if

hydropower is a part--a minor part, say--of a multi-purpose Corps project, where the major purpose is flood control or navigation, then it seems to me hydropower should be constructed at the same time by the Corps.

That doesn't mean that the Corps shouldn't try to work out an arrangement for some financial participation from, say, a power company who might be interested in the output. In that case, the Corps probably ought to go ahead and construct the power facilities; and some arrangement ought to be worked out, if possible, with the private sector to have them assist in the financing of the multipurpose project and to take over the power output.

In those cases where there is single-purpose hydropower, then I doubt very much whether the Corps should construct such a facility. In other words, if you are talking about a dam and reservoir that would be operated solely for hydropower, then it seems to me that it should be a nonfederal effort. I believe you have to look at the hydropower development in terms of what kind of hydropower you are talking about. Is it combined with another use, or is it a single-purpose use?

Q: Isn't it rather unlikely that you would have a project that would be solely hydropower without some kind of other benefits?

A: Oh, I don't think so. There might be a very minor amount of recreation--if it involved a reservoir pool. Very often power plants are constructed along a river, a so-called run-of-the-river plant, where it merely uses the flow that comes down that river. There are also several that are single-purpose hydropower reservoir projects which wouldn't have any appreciable multipurpose usage connected with them.

Q: Do you think that it would be possible for nonfederal entities to build a massive power project like we have had on the Columbia River for instance?

A: Well, yes. I believe so. The state of California, and this is my favorite subject, built a hydropower project at Oroville Dam. It is a multipurpose project, and it entered into a contract with the private power utilities in the state to purchase all of the power. The state took that contract and converted it into a quarter-billion-dollar revenue bond issue, which financed half the cost of the dam and reservoir. So, yes. I think it is absolutely feasible.

Q: Of course, California is a large state with a large population, and it might be more easily done in California than, say, in North Dakota or South Dakota.

A: No, I don't think the size of the state is the only criterion. The real criterion is whether or not there is a need for the power, and there is some power entity which would utilize all the power. For example, you could take Montana Power in the state of Montana. Montana is a very small state, but Montana Power Company is a large electrical power utility operating in that state, and certainly they would have a capability to build a very large plant.

Q: Okay. Let's go from the sublime to the pedestrian for a moment. When you were Assistant Secretary, you articulated some distinct views and, I suppose to some Corps employees, distasteful views, dealing with Corps conference schedules, travel and so . . .

A: Oh, yes. One of my pet peeves.

Q: Can you elaborate on that?

A: Well, yes. One of the problems, I think, with federal government agencies--and I don't think the Corps is necessarily alone on it--is that they are so far removed from the taxpayer that they don't stop and think about what things cost and who is paying the bill. It has troubled me a very great deal when the Corps schedules conferences around the United States where Corps employees have to come long distances and spend a day or two traveling for the purpose of attending a conference. It may be important for some participation, but my experience is that the Corps has an excess of employees attending conferences. Let me give you an example of something that has happened in the last couple of weeks.

I just received a brochure from the American Society of Civil Engineers, of which I am a member, announcing a dredging conference in Florida some time this fall. The dredging conference is sponsored by ASCE, the Corps of Engineers, and a couple of other agencies. But anyway, looking through that three- or four-day conference schedule, there were 112 presentations scheduled by Corps employees.

Q: Different employees? 112 different employees?

A: I don't know if they are all different, but I suspect that probably there will be between 75 and 100 different employees traveling from all over the United States to

participate in this conference. It seems to me that some responsible Corps official ought to sit down and figure out whether or not something like that is really worthwhile, and whether or not it warrants that large a number of Corps people participating in the conference. In addition, I suspect there are more Corps employees attending who will not be presenting papers.

That's of course one type of situation. Another one involves conferences in which the Corps is not making a presentation, but in which they like to participate. I have the same criticism there. That the Corps very often sends, in my judgment, large numbers of employees to listen to presentations that are made by others, when it seems to me the Corps could very well send maybe a couple of people. Somebody could tape it, if necessary, and then a summary of that conference could be put out by the Corps' public relations officer or whatever, so that it could be disseminated widely among the Corps employees who might be interested.

It costs large amounts of money for people to sit in and attend conferences all over the United States. I suspect some of the other federal agencies are just as guilty, although I haven't had exposure to them to that same extent. Yes, I have been and I still am very critical of the large number of Corps employees that attend meetings and conferences. I believe the number is grossly in excess of what really is necessary.

Q: To be a gadfly for a moment, I suppose that many of the engineers, the professionals in the Corps would argue that attendance at not all but some of these conferences is part of being a professional. That you can't do the work without exchanging information and participating and frankly making yourself visible among your professional colleagues. Given that, do you still believe that Corps involvement is top heavy?

A: Well, I believe it is very excessive, and I feel very strongly about that. Take the case I just cited--and I think if you go back and look at a number of other cases, you will find similar situations. For example, if you are a professional engineer in the private sector, you have to screen very carefully what things you attend because it costs you money to go to those things, as well as not being productive during this period. The Corps doesn't worry because it is not paying for it. The Corps employees, I think, go because they like to go or feel it is of some value. But I doubt very much whether anybody ever sits down and figures out whether the exact benefits obtained by that participation would be worth the cost of

sending that person from wherever they have to come to attend it.

Let me say that I am not necessarily picking on the Corps. In my old Department of Water Resources in California, I had them adopt some very stringent rules concerning participation in conferences and attendance, because again the taxpayers are footing the bill; and it seems to me that federal employees, as well as state employees, have a responsibility to report to the citizenry about the desirability of attending.

Let me make one other point, too, in this regard. There is nothing that makes private citizens so unhappy as going to a meeting and finding a bunch of people who are being paid by the taxpayer sitting in at that meeting. I am not saying one or two, but I am saying ten, fifteen, or twenty. And that really gives the organization a bad name in terms of its public image, because the public understands that it is paying the bill. There is a very careful balance that has to be kept in this regard.

Q: One of the first meetings you attended when you became Assistant Secretary was a meeting of the Environmental Advisory Board that the Corps has. Can you, in a nutshell, give me your impression of the Environmental Advisory Board, its use, its effectiveness, and whether the Corps should retain it.

A: I talked to General Bratton at some length, as I recall, after I attended the first meeting, about that subject generally, concerning boards and commissions. It was my suggestion that perhaps it would be well to broaden the scope of that Environmental Board to include people of other disciplines, for example, to include folks like economists. As a matter of fact, I believe General Bratton has moved to broaden the scope of that board, and I think he feels that it does perform some service to him. It is largely an entity which serves the Chief of Engineers of the Corps. It doesn't serve the Assistant Secretary's office. And, apparently, there has been some feeling in the past that it provides some value, and I wouldn't argue with that.

One of the problems I think you have--and the same thing would be true, for example, if you had a board composed of all economists or if you had a board composed of all engineers--is that there needs to be an interchange among some of the key disciplines to bring balance into whatever comes out of such a group. For example, if you had strictly wild-eyed environmentalists on a board, then it seems to me the results that the Corps might obtain

wouldn't be as useful as they might be otherwise, because the board might propose solutions which are not implementable. Whereas, if you have a broader sector of maybe an economist, engineer, environmentalist, or whatever, then it seems to me the positions that the board may arrive at originally will have the benefit of the dialogue that might take place among all the disciplines.

Again, I believe the Chief of Engineers has felt that the board provides some service to him.

Q: Are you suggesting that the board should not strictly reflect the traditional environmentalist point of view then? It ought to be more responsive to the economics of a particular project?

A: Well, again, if I were the Chief, it seems to me I would view such a board as one which might give advice in a number of areas.

Q: What was your impression of the board meeting you attended?

A: Well, I didn't attend the whole meeting. I just attended a part of one. And I don't even recall, as a matter of fact, what the principal topic was at that time.

Q: Well, let's see. I think it was held in Washington, in Arlington as I recall. I attended that meeting myself.

A: Yes, it was at the Marriott Hotel.

Q: That's right. And you had representatives from the EPA and the Fish and Wildlife Service and a number of services there. I forget--I think the subject was mitigation. Okay. I want to ask you a number of questions . . .

A: Well, one of the things that has been suggested, I think, is that a mitigation bank be established. And that every project would provide certain benefits, if you want to call it that, or certain monies or whatever to that environmental or to that mitigation bank.

My feeling is--and I think OMB sort of reinforced this--for example, take a reservoir. A reservoir is constructed. It may cause certain in-stream values to be lost or whatever. I'm not quite sure. Maybe certain wildlife. And I think it--certainly it has always been my feeling that you ought to try and mitigate in an area where the damage has occurred.

In other words, it didn't seem appropriate to me to provide a mitigation bank, for example, in the state of California and contribute to mitigation damage, say, in the state of New York. It seems to me that if there is damage in the state of New York, by virtue of a Corps project, then the mitigation should take place as close to the area where the damage occurs as possible. That's one theory that I feel fairly strong about.

Another one is that, say in a reservoir project, the Fish and Wildlife people fail to include positive values that might occur as a result of constructing a project. Let me give you an example of that. Supposing a reservoir inundates a certain number of miles of stream in which there had been trout. Okay, on the other hand, the creating of a reservoir there might create, for example, a great bass fishery.

So it has always seemed to me that as the Corps gets criticized for creating problems by virtue of constructing a project, it never gets credit for some of the good things that those projects do. And so I have always felt that when you say to the Corps, "Certain damages occurred here as a result of the loss of the trout fishery," you ought to, on the other side of the ledger, say to the Corps, "but you have created a reservoir here which has a great striped bass fishery, and so therefore we will provide mitigation to the extent that one doesn't take care of the other." I think you have to be a little careful how you apply that, but the main point I want to make is that it seems to me that as you consider mitigation, it is necessary to consider enhancement. And I have a feeling that the single-purpose environmental agencies at times don't look at the good that is created by Corps projects. They always look at the bad, and they want the bad mitigated. And I don't think that's quite fair.

There are a couple of other points, too, that it seems to me are important. Very often, I think, the single-purpose environmental agencies will ask the federal government to acquire large additional land areas in order to mitigate. While that may be advisable in some areas, it seems to me that the first thing that should be considered, rather than to suggest that the federal government take more private property off the tax rolls, would be to see if you could better manage whatever federal properties might be in the area.

For example, often when you acquire land for a reservoir, you acquire it along ownership boundaries, instead of

just around the edge of the reservoir. So, before going out and acquiring large acres of additional federal lands for mitigation, they ought to consider better management of the lands that are available.

I just wanted to add those points because I think mitigation is important. However, I believe people have taken advantage of the Corps and tried to get it to provide much more than is fair, particularly in the way of acquiring large amounts of additional land to be taken off the private tax roll.

Q: Do you think--do you attribute something a bit underhanded to these single-purpose agencies when they try to get the Corps to pay more money for this kind of mitigation activity? Or do you think perhaps these agencies basically have bad planning, or the prognostications are too cautious? In other words, you know, you talk about the lake being converted to a bass lake from a fishing stream; but it will take a few years presumably for it to turn into that bass lake, and maybe the people in, say, Fish and Wildlife are simply erring on the side of caution and are not making any assumptions about what is going to happen to that project. Do you think there is anything like . . .

A: Well, I think the--I think one of the problems is that some of the single-purpose environmental agencies tend to look at every project as being bad. I think that is unfortunate because, looking at the many projects which the Corps has built around the United States--and elsewhere, too, as a matter of fact--a lot of them are providing great environmental benefits. For example, I think the recreation that is provided around Corps lakes and the scenic values are tremendous. Yet, the Corps never gets credit for that in terms of the single-purpose agencies which are always trying to get them to do more.

My experience tells me that the single-purpose environmental agencies, like Fish and Wildlife Service, have a tough time getting funds to carry out what they would like to do in terms of enhancing what they view to be their areas of responsibility. And so I think they look at the Corps, and I suppose the same thing is true with the Bureau of Reclamation or a power company or whatever, as somebody who has a source of funds which can help them accomplish their objective. I think that's probably the real problem, if you shake it down. It's the concept that these single-purpose agencies can get more by beating the developing agencies, if you want to call them that, over the head and knowing that certain projects are needed and that they can sort of blackmail a

project into providing, for example, things that perhaps are not quite justified or warranted.

Q: How would you resolve the problem?

A: I would resolve it hopefully by providing a more balanced analysis of what is required in the way of mitigation, looking at some of the things I mentioned earlier: in other words, looking at some of the plus values that Corps projects might provide as well as just the negative values.

Q: So you are talking about a guidance that presumably would cover OMB, and it would apply to all federal agencies.

A: That's right. In fact, as I recall, I think OMB has issued some instructions on this along the lines of what we have been talking about--my recollection of it anyway. And I think that is appropriate. I don't see that there is anything wrong with that. I think honest mitigation should be provided for. But I think at the same time certainly you should give credit, and you should avoid taking large amounts of property off the tax rolls that might not be necessary if you can provide the mitigation some other way.

Q: Let's turn our attention to the Corps, and particularly to the Corps' leadership. First, let me ask you a general question. Can you characterize the senior civil works civilian staff and the senior civil works military staff? Do you see differences in the outlook of the military versus civilian? Who does the job better?

A: First of all, I have been very impressed with the military officers of the Corps. I think they are outstanding people, and by and large they do an excellent job. Comparing them with the Corps' Civil Service civilian staff, I think the Corps' military officers are more flexible and more willing to look at things from a variety of different ways than the Civil Service staff. This is not surprising and it is not unnatural. I think any time you have a civilian bureaucracy, there is a desire to protect one's own turf; and I think there is a concern that change presents uncertainties. Civilian personnel recognize that it may be a long-term career with them, and they may view suggestions for change as possibly threatening to their careers. I don't think the military component of the Corps looks at it that way, since they change assignments on a regular basis.

The Corps officers are going to be serving in the Army of the United States in some capacity, whether there is a

Corps civil works function or not; so they are not threatened in the same way that the Civil Service work force is. So again in making the comparison, I have felt that the Corps' military personnel are more flexible in trying to deal with changes that may be attempted in an organization. I want to be sure, however, that what I am saying is not interpreted as picking on the Corps' civilians. I am not at all. I think what I have said is true with any large Civil Service organization. It is interesting with the Corps though, because you have the military and the civilian force integrated. Normally you don't have that in most organizations; they are composed entirely of civilians.

But it makes an interesting comparison, and the comparison is the one I think I alluded to that the Corps officers have impressed me. I think they are more flexible. I think they are more willing to try something new because I don't think they view their current jobs as ones that are going to go on forever; and eventually they will be moving on to other assignments.

Q: So, in short, you consider the military officers in the Corps a distinct plus for the Corps of Engineers.

A: By all means. That is correct.

Q: One argument that might be made by people who would argue otherwise is that the civilian leadership comes to their jobs with a tremendous amount of experience, and that they may see some problems that the military wouldn't see, and therefore they may be more cautious than the military leadership. Would you agree with that?

A: Well, I think they are more cautious. I don't think there is any doubt about that. But, again, the situation is changing in the federal government, particularly in all of the federal water agencies--the situation being one that requires some changes in past practices if the programs are going to survive.

This gets back to the thing that we talked about before, and that's the subject of cost sharing and financing. In my view, the civil works program, as it has been known historically, is not going to survive if some way isn't found to take a little of the burden off the federal taxpayer or the general fund of the Treasury.

Q: Would you say that the civilian leadership in the Corps is dishonest?

A: Oh, no. Oh, no. Certainly not. I would say that they

are overly rigid, in my view, and narrow in terms of some of their thinking, but certainly not dishonest, no.

Q: Did you feel that they were loyal to you when you were Assistant Secretary? Were you satisfied with their follow-through, I suppose?

A: I don't think anybody was disloyal. We may have had differing views, but I don't see that as being disloyal. I think there was a reluctance--let's put it this way--on the part of a number of civilian personnel to pursue some of the objectives we were trying to accomplish. But again, I don't view that as being disloyal. It is a differing of views, and again, as I indicated earlier, I think it is natural that the Civil Service personnel have some turf to protect. As a result, I may have represented the unknown, which is what happens when you start talking about changes.

Q: Mr. Gianelli, you have been particularly critical of the Corps' planning process; what I would like to do is ask you a number of questions that mainly relate to the planning process, and a number of these questions are outgrowths of the first interview we had.

Let's first of all talk about the review process in the Corps of Engineers. You said something to the effect in the first interview that you felt more projects ought to be able to be lopped off at the District Engineer level and never go through this multiple review process that the Corps has. The question is, don't you believe, though, that the proper authority to make a final decision on a project is the Chief of Engineers?

A: No, I don't think so. If the money comes from the federal taxpayer and the federal budget, the Secretary of the Army has an overall responsibility in this area. And it seems to me that someone who is more familiar with the, you might say, objectives of a particular administration should be making some of the critical decisions, because of limited funds. Let me put it that way.

Now, I don't mean to say that they have got to make every one. For example, I think there are some delegations that can be made and have been made which allow the Chief and lower echelons to make decisions. But again let me point out that the Chief of Engineers is a career military man. He doesn't worry particularly about the goals of a particular administration in terms of balancing the budget and so forth. And it seems to me, when you are talking about projects to be pursued, those

critical decisions have to be made by people who are part of an administration and are responsible to that administration.

And I think they should preferably be made at the Secretarial level, delegated down--in this case in the civil works projects--to the Assistant Secretary. Because I think if the administration--any administration--makes enough bum decisions, then, of course, that will show up in the polls, and they will be replaced by people who have different priorities.

Again, I don't agree that all the critical decisions on programs should be made by the Chief.

Q: If I understand you correctly then, what you are saying is that the District Engineer ought to be basically representing the administration's position on some of these basic issues when it comes to . . .

A: Let's back down a little bit on the chain of command. I think this is one of the things we talked a little bit about before. I have felt all along that the Chief's office and even the Divisions have delegated perhaps too much authority to the Districts without an opportunity to review. And let me elaborate on that.

A District Engineer may see certain needs from his own perspective that may be absolutely justified. On the other hand, if there is some limitation in funds, for example, maybe his priorities and his projects can't be implemented. There might not be enough money to go around. So there has to be somebody who can take that District Engineer's request, for example, along with all the other District Engineers' requests; and the first screening level should be at the Division Engineer level; and then certainly the critical decisions need to be made, in my judgment, at the Chief's level, at the Corps' Washington office.

Because only there can all of the Corps' programs be put into perspective and be looked at in terms of need, given whatever constraints exist, particularly fiscal constraints. So I think that it's well for a District Engineer to make recommendations, but I think the actual decisions on what finally is done in that District, for example, need to be carried up the line into the Washington area.

I think that is inevitable. And that isn't a criticism of the District Engineer. It's a need to balance all of the needs throughout the country with the limited

financial resources and personnel that are available to carry out those things. So I don't view the District Engineer as working for the Assistant Secretary. I think that coming down through the Chief's office, the District Engineer has a certain kind of direction in terms of what an administration feels should be emphasized, for example, certain kinds of projects, just to take a case in point.

Q: Last time we talked together, I asked you a few questions about the Board of Engineers for Rivers and Harbors. I would like to pursue that line for a moment. Do you think the board is really capable of performing an independent review?

A: Well, it's tough for them to do that. They are an integral part of the Army, an integral part of the Corps of Engineers, and it seems to me it is very difficult to keep them in a posture where they have all of the expertise and they have the freedom to be completely objective without any influence at all. I think it is very difficult for them. I think it is an important role, but, in answer to your question, I think it is difficult for them to retain a completely independent posture.

Q: Should they? Let me ask you that.

A: Well, I think if they are going to perform a function--and I think they can perform a function--they should be as independent as possible. One of the suggestions we had with respect to the Board for Rivers and Harbors was that they be more familiar from a direct standpoint with some of the policies of an administration.

Just to give you an example, I think the administration through OMB had adopted a rather strong position with respect to recreation development. And it seemed to me that it would have been helpful for the Rivers and Harbors Board to know of that position, with respect to recreation development, before they passed on Corps projects where there might be recreation involved. In other words, I think they could provide an independent check and provide an independent view, recognizing what, for example, some of the policies of an administration might be--again using recreation as a case in point.

Q: Well, how do you reconcile that, then, with being an independent review board?

A: Well, I think the independent review, as I see it, is necessary to take a look at whatever the Corps sends up

and to see whether it makes sense from an economic standpoint, from a political standpoint, if you will, and certainly from an administration standpoint. So I think they can be independent, but still be cognizant of the objectives of a particular administration.

Q: So they won't necessarily then make the decision based on the best engineering or the best environmental consideration or the best financial package, if you will. The decision will be based at least partly, then, on administration policy.

A: I think it would be, partly, yes. I am not suggesting that they ought to, for example, recommend an infeasible project. I think it goes without saying that that's an important part.

But again, coming back to the case I cited--and again, I think the administration felt very strongly because of the limited funds--development, say, of projects solely for recreation should take a back seat, and perhaps not move at all. The Rivers and Harbors Board ought to know that, it seems to me, and certainly shouldn't keep sending up projects for recreation time after time, if, for example, we know in advance that they are not going to be able to pass muster.

Q: Well, if the board were more as you describe it or wish it, then what would be the function of OCE in reviewing the board's reports?

A: Well, I'm a little fuzzy on how OCE interfaces with the board, frankly. I never have completely understood how that works. The Chief, of course, gets his recommendations from the Rivers and Harbors Board, but he also gets them from his own staff, I assume. And I am not clear how the Chief, for example, in rendering a decision--if the Rivers and Harbors Board came out with one recommendation and his staff came out with another recommendation--would view the respected positions or the respected recommendations. I am just not sure how he would handle that.

But I guess the way I would look at it is the OCE would largely be responsible for, you might say, issuing the directions down to the Divisions and down to the field in terms of the kinds of things they ought to be doing. Then, the Rivers and Harbors Board would be the review at that level. In other words, I would view the task of the Office of the Chief of Engineers and his staff, OCE, to be one of direction. But, again, when the reports come back in, I am not quite clear as to how the Chief views

the two entities.

Q: Well, in your mind, if the board did act as you suggest it should, would there be any reason for a review process within OCE?

A: Well, I think OCE needs to be sure that its directions are being implemented, and that when things get done, for example, in the field, they are being done on a consistent policy throughout all of the Corps. I think that is one of the great needs, to make certain that every Division and every District operates on a consistent basis; and there is a great need that certainly would have to be filled by the Office of the Chief of Engineers.

So I view the OCE as more of an in-line staff operation from the Chief down to the Division, then to the Districts; and I view the Rivers and Harbors Board as solely a board which would review something before it becomes a finished product.

Q: You, of course, tried to work with Congress on developing some various cost-sharing programs, including programs for navigation projects. To what extent were you successful with cost sharing in navigation; and to the extent that you weren't, can you identify what the major problems were?

A: Yes. I think, looking at the whole subject of cost sharing, I would say the most frustrating area of cost sharing is in the navigation area--in both the deep draft and inland waterways systems. I felt that OMB put some unnecessary constraints on our office in terms of dealing with the subject of cost sharing for navigation and the inland system, both. For example, they took a very hard-nosed position with respect to cost sharing on deep water navigation, namely, all the cost had to be repaid. On the inland system, OMB wanted operation maintenance also to be taken over 100 percent by nonfederal interests, as well as all costs to be repaid 100 percent.

My view on the whole subject of navigation, both the inland system and the deep water ports, is that traditionally the federal government paid for the whole thing. Now, OMB seems to be going to the other extreme, deciding that the U.S. government shouldn't pay for any of it. I still feel that there is some area of federal responsibility in navigation projects, just as there is in flood control; and that we, ASA, working with the Corps, should have been afforded more flexibility in

working with the Congress on that particular issue.

I still believe that there is a middle ground that could be reached which would allow navigational projects to go ahead. But at the time I left, at least, that wasn't apparent--that progress would be made in that area.

Q: In response to another question I asked last time, you said that the Corps doesn't always worry much about the cost of a project, that they simply developed what they considered to be the best engineering solution and then let the costs work out for themselves or whatever. On what basis could the Corps recommend a project which was not in the NED plan based on the administration's guidance?

A: Well, of course, we hope to address the issue in part by having, under the new planning guidelines, the NED plan as the one that would be advanced. That would presumably take care of the matter, because you would plug into the economics the benefits as well as cost. You wouldn't just have the best engineering solution. Hopefully that would partly take care of that problem.

Another thing that I have been concerned about, and just to illustrate the point, the Corps has some tremendously large projects which haven't been authorized. For example, let me pick out one in California--the Santa Ana River Flood Control Project. That project is going to cost well over a billion dollars. From the very beginning, the Corps developed an all-river plan there for 500-year flood protection, as I recall, based upon certain assumptions that would take place in upstream development. It was my view that such a plan would never get off the ground because, first of all, it is too expensive; and I am not sure that the local people would be able to carry their end of it. It is partly a levee project for which the locals, even under the present rules, would have to pay land easements and rights of way and relocation of utilities, and that would be a pretty substantial amount.

So I felt that in developing the report--and I asked the Corps to do this--to come up with some alternatives and also some staging which would allow the policy-makers and the budget people some flexibility in dealing with a solution of the Santa Ana river flood control problem. The Corps did work out, then, a series of alternatives which, in effect, involved a staging of the overall project, and then attached different degrees of flood protection to those various stages.

To me, that's what the Corps should be doing. That, to me, gave them, the decision-makers, a chance to see what the alternatives would be, to see what the benefits would be, and to see what you could get by with in terms of cost and protection. Then, the policy-makers could make a decision based upon those alternatives. But when the Corps, as they did originally, only presented the all-river plan with no staging at all and at a cost of more than a billion dollars, the project could not move.

Q: Did the staging involve different stages of construction? In other words, would you perhaps build stage one, construct stage one first, and then stage two? Or could they be done together?

A: No, basically it was to build part of the project which would give you a lesser degree of flood protection at a much lesser cost, and then come along later when the need arose and add on other elements. Now, as I recall, and I think the discussion is still pending, part of the staging might involve some funds which couldn't be economically used for subsequent stages. If that is the case, then you have to rack up what the staging is going to cost and how long it may last, to see whether it is worthwhile foregoing some of the benefits that would be provided if you built it all at once.

Q: Well, yes, that's really what I was getting to in a sense--that the staging, while it might make it more feasible for the locals to get themselves involved, might in the end result in a higher cost for the project.

A: But the alternative very well may be that if you try to go the whole way at one time, you may find the cost so prohibitive that nothing is done. Then you have to ask yourself the question, "Is it better to do nothing or is it better to do something to give some additional protection, recognizing that you aren't giving as much as the ultimate desirable plan would provide."

Q: Would the protection be enough to warrant continued activity in the area? In other words, would it give a false sense of protection to the inhabitants, do you think?

A: Well, it would have to be made very clear what they were getting for whatever they were buying. Some of the alternative plans provided 100-year protection. We made it very clear that that's exactly what they were getting. They weren't getting 500-year protection. They were getting 100-year protection. Well, if that is all they can afford, the choice then should be largely local--if

they are putting up a fair amount of money--as to what do they want. Do they want to take the risk, or do they want to try and raise the additional money?

So, to me, that's the way a planning project should come forward. It should come forward with maybe the best engineering solution; but if that looks like it is going to be terribly costly, then it seems to me the decision-makers need to have some options available to them so that decisions can be made not merely on the basis of taking it all or nothing; but, maybe, is there something we can do to give some additional benefits at costs that can be afforded?

Q: You also mentioned in the first interview your consternation over these 500 reports that the Corps has--planning reports--most of which do not result in projects. Why do you feel that the Corps could have screened out these reports at an earlier date?

A: Well, one of the things I advocated, and I think Congress has picked up on it, was to break down the feasibility reports into two parts. And I think we covered this maybe in part of our earlier conversation. If you follow that procedure, then the Corps could prepare a reconnaissance report which would give some feeling for whether or not a project was feasible and whether there were project sponsors willing to contribute. That could be done at roughly a fourth or a fifth of the cost of the full feasibility report and within a shorter period of time.

So what I am saying is that if there is some way to break down these project reports, as we have asked the Corps to do, and if you had a repetition of the 500 reports, you could save, as I recall, probably $75 to $100 million of what otherwise would be the cost of preparing the full feasibility reports for those 500 projects.

Q: Do you think the reports would be better reports with the locals sharing in their cost?

A: Excuse me--I am not clear on your question.

Q: You suggested that the feasibility reports would involve cost sharing, too.

A: Yes.

Q: Do you think that the quality of the report would be better because of the cost sharing?

A: Well, I don't know about the quality of the report, but I know it would be more responsive. For example, if a project's sponsor or project beneficiary is going to have to pay for part of the feasibility cost, then he will be pretty sure that he's serious about what he wants. He is not merely trying to have a study made that is not going to go anywhere.

I don't know about the quality of the report, but I do feel that it would be much more responsive to the local interests if there was a degree of financial participation. That's what we are talking about in the second stage of the feasibility report, as opposed to the reconnaissance stage which we suggested would still be funded 100 percent by the federal government.

Q: You also suggested that the acid test of a good report is that it leads to a project. Do you feel that there might be some studies the Corps makes that are good studies simply because they provide information, statistics, and insights, even if the study does not lead to a project?

A: Well, you know, we talked a little earlier about the waterways study. Now, the waterways study was not designed to lead to a project. It was designed to provide an inventory of requirements. I assume that is basically what it was. So I don't have any problem with that kind of report. But I am talking about reports that relate to specific projects, as opposed to reports of a general nature which would be informative--again, using the waterway report as an example of what I would say is an informative report.

Q: Well, okay, let's get away from those kinds of studies on the national waterways and just talk about feasibility reports. Do you think that specifically there may be some validity in having feasibility reports that don't lead inevitably to projects; but because the survey has been done and a lot of information has been gathered about a particular proposed project, just the gathering of that information and statistics might have some value to the Corps and to the general public?

A: Well, of course, the theory of the reconnaissance level report is that you don't collect information that you don't need. The hypothesis you are making is that just because you collected a bunch of data you therefore ought to put it in a formal report; then my answer to that is you shouldn't have collected the data in the first place. So, no, I haven't been able to figure out what advantage there is to having everybody go to the trouble of putting out a feasibility report if we know it is not going

anywhere.

Q: Well, okay, if I may press it just for a moment.

A: That's all right.

Q: I am a historian so let me give you a historical example. Back in the 19th century the Corps was asked to survey various railroad routes to the Pacific. I think there were five railroad routes that were surveyed, and private interests, as it turned out, with a lot of government support, built railroads on two of those five routes. But wasn't the information the Corps gathered on those three other routes of some use?

A: Well, I don't know whether that's a very good example. You are talking about an overall report for transportation on the nation's railroads, and at that time the federal government, as I recall, deeded land to private railroads to help them get along, too. So I would assume there is an overriding national interest there, as much as there might have been in the waterways study, which would dictate a special consideration of that.

But I am talking about where you build a flood control, irrigation, or recreation project to serve Podunk Community. That's what I am talking about, and that's normally what your reports are all about. And I can't see any advantage in going to a feasibility study with respect to a report for Podunk Project if there is no chance of that project being built.

Q: Well, I guess what I am saying is, what if you genuinely aren't certain that the project will be built or could be built there? I mean, aren't there a substantial number of projects--proposals--where it is not clear that route X for a waterway or location Y for a reservoir is necessarily that much better than location A for a reservoir, and therefore you have got to do reports on both sites?

A: Well, that's the purpose of a reconnaissance level report, to do just exactly what you are saying--to look at possible alternatives in a general sort of a way and come up with what is the best solution for a full feasibility report. So it seems to me, and I might say that I have been involved with a lot of these things, I can't see any value to pursuing it to the degree you are talking about under the cases you cite.

Q: So you would say that the reconnaissance reports do

provide enough data to . . .

A: Tell you whether a project is good or bad or should be pursued. And particularly if you ask the project sponsors for the next stage to put up part of the funds to carry it to a full feasibility study.

Q: This really, I think, relates back to the answer you just gave me. You mentioned at one point in the last interview that you feel that planners like to plan for the sake of planning.

A: Yes. That's a general characterization, you understand. I am not accusing every planner. But I am saying that, generally speaking, I think this is a syndrome that goes through almost all the planning activities.

Q: Can you pinpoint any particularly egregious examples of this?

A: Well, I think the fact that you had to go back to these 500 reports that I was talking about, of which less than half were determined to have any feasibility at all, is perhaps a pretty good example of that.

Q: In those 500 reports, of course, some are still with us. I guess a fair number of them are.

A: Well, as a matter of fact, of those that were determined to be feasible, these reports, as I recall, were written between the period of 1973 and 1981. And I think you can count on one hand the number of projects that are proceeding, even with those that showed some feasibility. So just because you had a feasible project--the Corps had feasibility reports on those--it didn't mean those projects were going ahead.

Q: Well, one reason why the projects might not be going ahead, of course, is because Congress didn't appropriate the money.

A: Well, that's right. If you add up all of the Corps' potential projects, as I remember, the figure was some $36 billion worth of projects. There is no way in the world that you are going to get money from the general taxpayer, the general fund, to build the kind of projects that the Corps is talking about in this feasibility report category.

Q: Well, to what extent should the Corps take that kind of practical, political consideration into its planning process? In other words, the Corps says to the Congress,

"Okay, here are 400 projects, 500 projects, that to a greater or lesser extent, depending on benefit-costs and so forth and so on, are feasible projects."

A: You mean the benefit-cost ratio is greater than one to one.

Q: Exactly. Yes. So, "Congress, now you decide. You tell us what is supposed to be built and what shouldn't be built." Is there anything particularly wrong with that?

A: Yes, I think the Corps is abrogating its responsibility, and that is to provide the best technical expertise and the best recommendation possible. And when you present the Congress with, say, let's take half of those 500 reports, which is about what I think they determined to be feasible, then you would only have a handful of them that are going to be augmented.

It seems to me that there is something wrong in the system somewhere if you can't at least prioritize those projects that have the best chance of going ahead. And that's why I come back to the point that there is no greater way to determine whether a project is going to go ahead than by having the project beneficiaries willing to put up a little money. That's the best criterion that there is. You can run all of the benefit-cost ratios you want, but if there isn't the project beneficiary willing to assume some of the financial responsibilities with respect to that project, it is not worth a darn in my view.

Q: So, following your philosophy, too, you would require a substantial increase in cost sharing to get these projects done.

A: Well, wait a minute. Let's back up. We are talking about the reports now. What I have said before and what I have advocated is that the reconnaissance level study be conducted at about 20 percent of the cost of the full feasibility study. And then the remaining feasibility study would be 75 or 80 percent of the total cost remaining to be paid. And that 75 or 80 percent would be cost-shared by the nonfederal interest to the tune of 50 percent.

Then, I further said that if the local entity has some capabilities, like a state or organized district, to provide in-kind services, that could take up the 25 percent. So what we are really finally saying is that in some situations, the local interest could get a feasibility report by only putting up 25 percent of the

cost of that feasibility study, the federal government putting up 50 percent, and the locals putting up the rest by an in-kind service.

Q: I see.

A: So it's not that costs are going to be the same. It is just that you have somebody who thinks they may want to go ahead and build a project, be a financial participant. And again, I say, that's the best test of feasibility there is--the willingness of a project beneficiary to put up some money, particularly at that stage.

Q: This suggestion that the local interests do provide some degree of cost sharing, 20 percent or whatever, for feasibility reports--what kind of a response did you get from OCE on that?

A: Oh, considerable resistance, because, first of all, it is a difficult and unpleasant task to go out and ask people to do that. And secondly, once people are putting money into a study, they are going to demand a product for the money they put out. In the past, if the Corps runs out of money it goes back and gets Congress to give it some more to finish a particular feasibility study. In the future the Corps would have to be accountable to local interests.

Q: You also mentioned the 16 projects that were passed down while you were Assistant Secretary, where the locals were willing to contribute more than what had traditionally been asked of them; and you mentioned that these projects really were orchestrated from your office rather than from the field. Didn't you actually direct that these projects would be done under your centralized direction?

A: Well, here's--let me go back and reconstruct how we got into that--the whole aspect. First of all, we adopted some cost-sharing percentages. Rightly or wrongly, we said, "Let's see if we can't get this amount of participation by nonfederal interests," and it varied depending upon the particular use. And we said, "Let's--you the Corps give us a list of what you consider to be your most feasible projects or those that have the best chance of going ahead. Let's try it out on those projects."

So the Corps initially gave us those projects on which it had completed studies, which it felt were, you might say, in the upper percentages of having the best chance of going ahead. Then we, at our office, said, "Okay, let's take those projects and we will go out with the

Districts and talk to the potential project beneficiaries and see if they are willing to accept the percentages that we have said we feel are necessary to move these projects ahead from the administration's standpoint." And that's the way it worked. In other words, yes, I brought in a special assistant, a fellow who worked with me in California, a registered engineer, to help in this effort.

Q: What was his name?

A: His name was Robert Eiland. He had a lot of experience working with the financial people in California and some of the things we did, and I asked him if he would take that experience and try to apply it against these projects that the Corps had selected. And as I say, I think the number was 14 or 16 projects over the course of three years, where the project beneficiaries had indicated some willingness to proceed with a higher degree of cost sharing if these projects could move ahead.

Q: I see. In response to another question, you made the statement that you felt the Chief of Engineers had lost some of his control over the field, over the Divisions and Districts.

A: Yes.

Q: Did you--I didn't follow that up by asking you whether you had any specifics in mind. Let me follow it up now.

A: Well, I don't particularly want to get into specific projects, but there are a number of projects which I felt should have been screened out by the Chief's office or the OCE prior to going forward. And basically, it seemed to me that they needed to make certain that all the Divisions and all the Districts were operating in a consistent, uniform way, pretty much in accordance with the policies that would have been set down through the chain of command.

And some of the projects, it seemed to me, should never have reached the Secretary's office, should have been screened out by the Corps prior to the time they got there. They were screened out at the Secretary's level when it was found that the economics didn't prove out or that some assumptions had been used by the Districts in preparing them that were not consistent with those being used by the others.

So that's the feeling, and it partly ties into the dis-

cussion we had in the earlier interview on decentralization. I think decentralization is great; but there needs to be some control over that decentralization or you are going to be in a big, fat mess all the time, because you are going to have inconsistent policies being followed by a large number of Districts; and I think that is highly undesirable.

Q: Did some of these projects also have a fair amount of political pressures behind them?

A: I suspect that many of them might have, yes. I suspect that's so.

Q: Can you give me the names of a few?

A: No, I don't want to get into any specific projects, because I don't think that would provide any useful purpose. One indication would be to take a look at some of the projects that might have been added on by the Congress over the President's budget. Now that might give you some inkling of some of those projects. But not in all cases, certainly.

Q: Let me go backwards in time for a moment. You mentioned that you had some problems with the Corps' planning effort prior to taking the Assistant Secretary's position. You were somewhat familiar with the Corps' planning process. Can you elaborate for a second on what those problems were?

A: Yes, and again I don't want to get into specific projects, but I can give you the kinds of problems that existed. First of all, the planning process took an inordinately long period of time. In the case of the one project I have talked about, I think it took five or six years. Then, when the report was completed or just before the report was completed, it was indicated that it wouldn't be able to be finalized without an additional appropriation, because they needed some additional information.

So the net effect of the planning process, at least the one I am talking about, was that, first of all, it took too long. And secondly, they ran out of money. And then there was a delay caused by having to go back and get an appropriation for a subsequent year from the Congress to finish the report. And then lastly it came out, I would say, after much too long a period, in a way that wasn't particularly useful to the local interests.

Q: Let me throw something at you that actually has been

thrown at me by a few people in the Corps, and get a response from you. That you have some problems with planners, because planners give people hope, and hope leads to political pressure, and that you would rather not see projects developed in that kind of way. Is there anything to that kind of statement?

A: Well, I think that's accurate. I hate to see the Corps reduced to building projects that are solely politically popular or which are built because of political pressure, because I don't think that does the Corps' reputation any good. One of the things that I tried to do when I was Assistant Secretary, with, I'd say, only moderate success, was to try and have the good projects come to the top and have those projects go ahead.

Now, politically, that hasn't taken place, and I don't know whether it will. But it seems to me that the Corps' future in the civil works area needs a better base under it than merely a project which is forced upon it by Congress through legislation. I think that is unfortunate because then you are going to have some bad projects, and I think the Corps' reputation will not be served under that process.

Q: You mentioned Mount St. Helens as an example of a project where the Corps wanted something more expensive than what you came up with. Can you explain in a bit more detail what resulted from your intervention in that project? What specifically did you recommend should be done?

A: Well, let's back up to where I saw the thing headed from the very beginning, and that was with building a gigantic structure which may or may not ultimately be needed. And my problem was that Mount St. Helens was a unique thing because it was an act of God, I guess you would say. It presented the Corps and the people with a physical situation that hasn't existed anywhere in the world as far as we have been able to tell.

The eruption, in effect, blew off the top of a mountain and deposited that mountain in some of the valleys around it, one of them being in the Cowlitz watershed. The question became, after that happened, what was the best way to provide a control and protection to people downstream in particular as a result of this act of nature that was certainly unforeseen and could never have been anticipated.

The crux of the whole thing was the estimate of how much material would move and how fast. The Corps made some estimates which I believed were on the very high side;

and experience, if you could gain a little time, would give you a better handle on exactly what would happen up there in terms of how the problems would unfold.

What I've done there, if I have done anything, is to require a more thoughtful, orderly process for the solution to the Mount St. Helens problem. If I've done anything, I suspect that is what I have done.

Q: And you think that . . .

A: And in the process probably saved the government a large amount of money and saved an embarrassment, which might have subsequently resulted if the Corps had done the wrong thing.

Q: What do you think the Corps was going . . . ?

A: The Corps wanted to build a massive structure at one location, which may or may not ultimately be needed. In fact, I think the Corps' latest studies indicate that it may not be needed at all now, because the movement in the last four years since Mount St. Helens erupted has now turned out to be much less than the Corps originally anticipated, particularly in the first year. I am not saying that critically, because the Corps obviously was erring on the side of being conservative, but without regard to the cost. Now this again gets into the matter of trying to relate cost to solutions.

Q: Getting away from planning for a moment and into engineering, how would you characterize, generally speaking, the Corps' engineering efforts? Do you think the Corps does good engineering?

A: Yes, I think they do. If anything, they do too conservative engineering, but they certainly do competent engineering. But, again, maybe over-design, for example, in some instances. We are looking at that now in connection with dam safety. You may recall the study that is under way involving the Bureau of Reclamation and the Corps and the National Academy of Sciences on the criteria for flood control, for example.

Q: Well, then, how about the estimates that the Corps comes up with for its engineering work? I attend civil works staff meetings, and one thing that impresses and depresses me at the same time, if you will, is the fact that Corps estimates are habitually much higher than the estimates that the private sector is coming up with for the project.

It has been suggested that one reason the Corps estimates are high is because the Corps doesn't practice some of the cost-saving methods that you see in the private sector. That the private sector, because it is interested in gaining a profit, is looking for ways to save money, whereas perhaps the Corps isn't. Do you think there is any validity to this?

A: Well, I think you have got to split down--I think you have got two things mixed together in your comments, if I read you right. First is the Corps' original cost estimates--how good are they? Then, second is what does the cost of a project turn out to be as related to the cost estimates? So you really have two separate items.

I think the Corps by and large does a good job in terms of estimates of what a project will cost based upon its own design. The design may be a little overly conservative, but I think they do a good job on the estimates. By and large, at least with most of the jobs that I recall, the bids came in pretty close to the Corps' estimates. I think they have been pretty good. I think the thing perhaps you are alluding to is that the actual cost of the job may turn out more.

Q: Well, what I am talking about are situations where you have the solicitation of bids--of course, it is based on government estimate--and it could be for anything from a dredging operation to a particular stretch of levee, okay?

A: Yes.

Q: And it has not been uncommon--I can't recollect how it was two years ago. I've just become more sensitive to these things in the last two years. But in the last couple of years it has been not uncommon for your government estimate for a particular project to come in at least 40 percent above the low bid for the project.

A: Yes.

Q: And even 30 percent over the high bid in some cases.

A: Yes.

Q: You know--and it seems to me from the outside, not being an engineer or an economist--that there must be something wrong when you have such a lack of compatibility between the government estimate and . . .

A: Well, I think the Corps tends to be conservative in terms

of its estimates. I think that's true. But the other thing is we are operating now in some rather unusual times--at least I would categorize them in that way. What you have had, for example, going back about ten years, is, for at least more than half that period, an extremely high rate of inflation; so it is pretty hard to predict how much inflation you have to add to a project that is going to be constructed over a period of four or more years.

On the other hand, the last two years, what you've had is sort of an unemployment situation where contractors will really cut corners in order to get a bid. So I think there has been an explanation for some bids coming in the way they have. The situation is not stable enough to allow a good estimate to be made which carries construction over a several-year period.

Now, going back, say, 20 years or more, you could pretty well figure that you would have an escalation of 2 or 3 percent per year, or whatever it was, and plug that into your cost estimates and come out pretty good. But when they varied somewhere between 5 and 15 percent, that makes it pretty difficult; and where you are projecting over a four- or five-year construction period, it makes it pretty hard.

Q: You know, the whole problem leads to some substantial complications, it would seem to me. First of all, of course, you have an inflated budget being worked up by the Corps, based on these estimates coming in from the Districts. Secondly, you have money being returned to OCE because the money is not going to be spent, as it turns out, and the Corps has to decide how it is going to spend it. It could return it to the Treasury, of course, but it could ask, presumably, for the money to be applied to another project.

Now . . .

A: And that happens. For example, a case in point. The dredging, the annual dredging at Mount St. Helens, I think, was done from funds that were saved from the very thing you mentioned. So, yes, you are right; it is used then for other purposes, and presumably those other purposes will be screened out as to their desirability and necessity.

Q: Did your office approve those transfers of money?

A: Yes. Transfers over a certain amount came through our office for approval, yes.

Q: And so your office would be able to produce a running total of how much money was being transferred from . . .

A: Well, we rely on the Corps to keep a running total, but on an individual project basis, and the dredging is a good case in point, we certainly approved the use of funds which the Corps saved from some other construction project for that dredging on the Columbia River.

Q: Do you know whether, while you were Secretary, money was returned to the Treasury from the Corps?

A: I don't know. If it was, it wasn't very much, I assume, because the Corps has always seemed to me to be pressed because of inadequate funds.

Q: Excuse me, but, again from the outside, it would seem to me that since you would be very interested in getting as much bang for the buck as possible from the Corps of Engineers, your office would be necessarily monitoring how much money was being returned to OCE for redistribution and would possibly get on the District Engineers who perhaps in some cases habitually were coming up with government estimates that were very, very high over the private sector bid. I mean, it would seem to suggest prima facie that there is bad engineering going on out there, and so it comes as some surprise to me that maybe you weren't as cognizant of that as I would have thought you would be.

A: It is a good idea but it would require staff augmentation in the ASA office. The ASA staff doesn't have great numbers; in fact, we have fewer than ten professionals, and I didn't want to build up another bureaucracy. OMB suggested we should expand the staff. In fact, OMB indicated it would approve additional staffing for ASA if we wanted to exercise additional control over certain of the Corps' functions.

My decision was no, because I think we are better advised to require the Corps to do it, rather than try and, for example, have our own engineering staff perform a detailed review of the Corps' material that comes in. The Corps ought to do that, and I don't think that it warrants a duplicative staff in ASA. I think we ought to keep our staff as small as possible to carry out the responsibility that we have.

And it may be that you are right. It may be that we--that ASA has not given enough attention to the area of money management, which is what I guess you are really talking about.

Q: I'll tell you what I am talking about--not so much keeping other books, but simply getting down into the roots of the organization and finding out why you have Districts coming up with these high estimates on what I sense is a habitual basis.

A: Well, this is an important area; and maybe ASA, certainly working with OMB, who has a great interest in that also, ought to take a look at this thing and see whether or not we should do something like that. But if it looks like it is a problem that ought to be looked at, ASA should watch that very carefully because I think they are interested in the prudent expenditure of funds--particularly in these times of budget constraints.

Q: Let me turn our attention to a subject I think we touched upon last time but maybe not as much as we ought to have, and that is the question of the Corps' role in mobilization. To what extent should mobilization be used to justify the Corps' continued involvement in civil works?

A: Yes. That's a troublesome one. I think I mentioned earlier that I went through mobilization in World War II. I felt that the work we did with a Corps of Engineers construction battalion at that time was expedited considerably by the effort of the District Engineer in Honolulu, Hawaii, which was the first place we went right after U.S. involvement in World War II began--we arrived a month after Pearl Harbor.

And with Hawaii in the mess it was, if it hadn't been for the District Engineer doing what he did in the way of lining up equipment and supplies, our job over there, which was to take care of a lot of the damage and prepare for potential invasion, would have been much more difficult. I think it is a very important role.

Now, a problem arises if you try to have a large stand-by force that is justified by mobilization. What are you going to have them do for a good part of the time until there really is mobilization? You can do a lot of mobilization planning, but a couple of people could do that.

The real demand is when you have a crisis. So it has always been hard for me to see how you can justify maintaining a staff solely for mobilization purposes. I just think that you have to have them doing some meaningful work while they also have a mobilization assignment. I have believed that the existing Corps

organization could be rapidly expanded or diverted in the case of mobilization, to take care of the country's needs. That happened in World War II, and I am sure the Corps didn't have the widespread organization that it has now.

So, mobilization is important. The Corps needs to be prepared for it. But to create a body of personnel who have that as their only assignment--I have trouble with that concept.

Q: Well, I know that Senator Moss back in the mid-1960s suggested one alternative when he was coming up with a suggestion for a cabinet-level office of water resources. He suggested that he would reassign the Corps' civilian personnel--civil works civilian personnel--to this new Department of Natural Resources, but with the understanding--the stipulation--that the personnel, when war seemed imminent, would have some specific mobilization assignment to do, but under civilians rather than under military.

Do you think that that kind of . . . ?

A: Well, I think that's basically the situation now. The Corps has, for example, a large civil works force, which, if there was a war emergency, would be diverted to those emergency needs. That is exactly what would happen. So whether you need more or not is an arguable point. But I think it is important that the Corps be able to do just what we are talking about--be able to take their present forces, redistribute them in terms of a national emergency, and use them where they would be the most necessary or most useful.

Q: What's your conception of the Corps as a federal engineer?

A: Well, as I said before, I think the Corps has the most competent assemblage of technical experts in the engineering field of any organization. And I believe other federal agencies, when they need that kind of expertise, ought to call on the Corps. I think the Corps should do more in the way of acting as a federal engineer. We tried, for example, to enlarge the Corps' area of responsibility with EPA. And I still feel that the Corps could do a better job, for example, of managing the Superfund than EPA. EPA needs to tell the Corps which sites need to be taken care of, but once that determination is made, then the Corps could do the job and, I think, much more expeditiously than EPA.

That may be true in other areas, too. The energy area has a number of things which the Corps could do, in the nuclear and other areas. The Corps in the past has done that. They had a mission here, quite a number of years ago, I believe, on post offices. So I believe the Corps ought to be the federal engineer where it is appropriate for a federal agency to provide those kinds of services.

Q: Let me pursue this thing with the Superfund for a moment. As I recollect, the Superfund program was passed during the Carter administration and had some trouble getting off the ground; and it didn't really get off the ground even after the Reagan administration came into power for quite some time. Can you explain what the situation was with Superfund when you came into office, and what you contributed to getting the thing going?

A: Well, principally, that is an EPA problem. Superfund is administered by EPA. My perception of the difficulty in recent years is that EPA had not got its act together with respect to Superfund. There was money there. It had to be set aside. There were funds there that could be available for that clean-up purpose. However, they hadn't decided what the problem was specifically at each site, what had to be done to remedy it, and set some sort of a priority.

The Corps pointed out to EPA that there were certain bottlenecks that EPA experienced in terms of land acquisition, etc.; and we said: "The Corps has got expertise in this area. Why don't you just tell the Corps you want them to clean up the site and let them move ahead doing everything necessary to carry out the mission." And I don't think we really ever accomplished that. I think maybe EPA did a little bit more, but still my belief is that they haven't called on the Corps as much as they could to help administer that program for the benefit of everyone.

Q: Do you have any reasons, have any ideas why they haven't?

A: Well, there may be a couple of reasons. There is the desire of any agency which has a responsibility to carry out, to build a work force to carry it out rather than to rely on a sister federal agency.

The other one is that I think EPA was under great pressure from the private sector, which felt that they could do it all. The private sector could not do the kind of thing we are talking about that I believe the Corps should do. For example, the Corps could

standardize designs on clean-up and could expedite the work. Now, I am not arguing that the private sector shouldn't do much of the work, but I thought there was a larger role for the Corps to play than the one they have been playing in the Superfund clean-up program.

Q: To what extent were you involved in attempts to reorganize the Corps? Actually, I say attempts. There were some cases where the changes were actually made, of course. Now, let me divide it into two areas. First of all, going back to when you first came into your office, there were decisions about closing down some Districts and realignment--realignment both of District functions and specifically of regulatory functions. What was your feeling about all that? Did you feel the Corps had too many offices out there?

A: Well, let's break it down into two parts. Let's talk about the District offices, first of all. I think the Corps was under considerable pressure from OMB, in terms of reduction of personnel as a result of budgets going down, to utilize their personnel in a more efficient way. The Corps, itself, then determined--because I remember talking to General Bratton about this--that it could do that best by closing down certain offices or changing some of the functions, which it tried to do but politically could not accomplish.

I agreed with the Corps. I thought that the Corps was right. If you are going to be squeezed on forces, it is better to maintain a full capability here and not try to spread them out and not have the capability anywhere. So I agreed with what the Corps was trying to do, but it wasn't able to be accomplished.

With respect to regulatory reform, I think we felt that the regulatory reform effort throughout the Corps should be beefed up. In other words, that additional personnel and the level of those personnel should be higher than it was. We wanted the Corps--and they did, at our suggestion--to look at, for example, raising the regulatory personnel in the Districts and the Divisions to a higher level, so that they more nearly approached that of the engineers rather than a much lower level, so that you could attract even some engineers into those regulatory jobs.

So I think, in terms of regulatory reform, we did push the Corps pretty hard to look at upgrading their regulatory personnel and augmenting it to take care of what we perceived to be a pretty important problem.

Q: Aren't many of the people in the regulatory branches already engineers?

A: Some of them are. But a lot of them are not--at least, that was my understanding. There may be more of them now; but I think if you go back three years, you will find a lot of those who were heading the regulatory effort were not. It was difficult to keep good engineers in regulatory reform due to lower pay and classification.

Q: Do you think there is any way of getting around the kinds of congressional pressures you have to deal with when you are talking about closing down District or Division offices, mainly by reassignment of their functions?

A: There has got to be some way to get around that problem, because it doesn't make any sense to maintain a District office where it can't function properly. If you are going to strip it of some of its key personnel, then you might as well do away with the office and let that be handled by an adjacent area, for example.

Politically, I don't know how you do it. Every congressman who had a District office, or every senator, if you were going to take it and move it out of his state, will be heard on the issue. Hopefully, there will be enough statesmen around that ultimately they will see the merit of doing whatever is proposed in the way of consolidation or whatever, and will not resist us on that.

I think the only way, probably, to do it is to be careful that you take into account the political considerations. For example, if you are going to close down an office in one area, have some way of offsetting that somehow, so that it doesn't become completely negative throughout.

Q: Offsetting it presumably by giving that area another kind of office? I mean, it wouldn't have to be a Corps offset necessarily--is that what you are suggesting? It could be an offset from, say, a large Naval contractor or something like that.

A: It could be--yes. It could be anything along those lines. The military bases have the same problem. Every time you try to close down a military base, you have the same problem. So it is a problem that is not unique to the Corps' District offices; but it is a problem that, I think, runs through the federal government in many departments where they want to change their organizational structure.

Q: Talking to you about reorganization and so forth leads inevitably to discussing the Grace Commission report.

A: Yes.

Q: Let me ask you, first of all, do you know Peter Grace at all? Did you have any . . . ?

A: No. I don't know Peter Grace.

Q: Did he talk to you, or did any of his people talk to you?

A: I think I had one session with two of the people who were assigned to the Defense Department, who ultimately got to work on some of the Corps' material.

Q: They made several rather significant recommendations concerning the Corps of Engineers. And I would like to talk about a couple of them. First of all, they recommended that on the civil works side, the Corps contract out more AE&D work.

A: Well, let me--before you ask--comment on the Grace Report in general.

Q: Okay.

A: When Reagan became governor, he did a similar thing. He appointed what he called a Citizens Task Force to work with the various departments of state government for a period of time, and they were on leave from their industry. The department that I headed had about six of these businessmen, assigned for six months, who came and physically were present in our department for the entire period, talking to all of us, having numerous conferences, and so forth. They came up with some 85 recommendations, and we implemented about 75 of them. Their assignment was completed within about nine months of the time the administration took office.

We couldn't implement some of the recommendations because it took legislation or involved other parties. But I viewed their efforts very positively, and they really brought into state government the private sector viewpoint.

I don't view the Grace Commission effort quite the same way. My experience with the Grace Commission, in terms of, say, the civil works function of the Corps, consisted of one talk with them for maybe an hour. I made some suggestions to them, and there was no indication they followed up on any money-saving suggestions. They also

came up with some recommendations that, in my judgment, were impractical. And so, basically, I guess I have kind of a lukewarm feeling about the efforts of the Grace Commission, having seen essentially the same thing in California.

Q: I am glad you put that in. Well, of course, their recommendations caused some consternation within the Corps of Engineers, and as I was saying before, one of the recommendations was that the Corps contract out a lot more of its AE&D work. It looked to the military side and saw there was a substantial percentage of AE&D work that was contracted out, and the question was, why can't civil works people do the same amount of contract work. Do you have any response to that?

A: Well, I think--my own feeling on how you divide up the work is that you try to maintain a capability in the Corps, for example. In other words, you have to have enough work to keep a competent hydrologist or a seismologist, for example. Then you build a work force that has enough of those disciplines to take care of the problems that continually confront the Corps.

Then, if you have peak loads, my feeling is that you ought to handle those peaks with the private sector to the maximum extent possible. It is very disruptive and inefficient for an organization like the Corps to have to go through extremely high peaks and valleys of personnel. You just can't keep a competent work force if you have to do that.

The ideal thing would be to have a work force at what you might call an optimum minimum level, so that you aren't hiring and firing people every year; then, as you have additional needs for something very special, you bring in the outside sector.

Q: If I can be the gadfly for a moment, then what about the idea that you simply have a sufficient number of engineers to act as quality control managers and administrators, so to speak, but you still let the private sector do most of the work; and then the work would simply have to be approved, of course, through channels--through District, Division, and OCE. But it would be a small body of presumably top-level engineers, who would be saying, "Okay, this work coming in from Morrison Knudsen"--or something like that--"it's good work, you know, go to it." What about that idea?

A: Well, I think that's going too far. If you are going to have a federal agency that has a capability to take on

different kinds of things, then you have to give that agency, it seems to me, the personnel and the expertise needed to carry out those things. Remember, also, the need to have a mobilization capability within the Corps.

Again, I believe that there is an appropriate role for the federal agencies, as well as state or local agencies, to have in connection with this kind of a function. It relates also to maintaining a capability to take care of emergencies or contingencies. Mount St. Helens is a good example. I think the Corps responded to that more quickly, probably, than anybody in terms of going up there and handling the problems that occurred. If you had had to staff up for that, it would have taken a long time, and you'd go out on competitive bidding. So I think there is a justification for a federal agency, and the Corps as we are now talking about, to have a continual capability in certain areas.

I think, really, a quality control plan would not go nearly far enough. At least, that's my judgment.

Q: Well, another suggestion that came out of the Grace Commission was that serious consideration be given to the consolidation of construction agencies. Do you have any response to that?

A: Well, when you say construction agencies, I don't know how far you go. If you are talking about water, I suppose you are talking about, really, three--Bureau of Reclamation, Soil Conservation Service, and the Corps.

Q: They may have thrown in TVA, too. I'm not certain.

A: Maybe TVA, too. Well, I guess my only response is that, while there certainly is some overlap--obviously there is--they have separate functions. For example, the Bureau of Reclamation operates only in the 17 western states. Its primary mission is irrigation. Okay. While the Corps does operate in the western states, it doesn't have, as I view it, a primary mission of irrigation. So irrigation takes a special kind of people to make various crop studies and water requirements and other related information.

I don't think that there is necessarily a duplication. So I don't know that you accomplish too much by trying to bring them all together, because then you would have to segregate them again, according to their areas of responsibility. Soil Conservation Service has concerned itself with small structures, working with the farmers very meticulously; so I don't think you save anything by

bringing the Soil Conservation Service engineers into the Corps, for example. I don't really think you save anything by putting together these various agencies--the consolidation of these organizations.

Q: I take it that you would not agree with those people, those critics, who say that the Corps of Engineers should get out of the civil works business.

A: No. I think there is a need for the Corps in that area, and I think it fills that need well and should continue to do so.

One of the other things the Grace Commission said that I don't agree with is that operation and maintenance should be turned over to the private sector; and I can't see that at all. Take, for example, the inland navigational system. I just can't envision anyone other than the Corps operating the nation's navigation systems. I think that was a misdirected recommendation. Certainly, as related to things like navigation that the corps does.

Q: I want to take a moment to talk about some of your non-Corps of Engineers activities as Assistant Secretary, but let me jump to another question and then come back. And the question is, can you explain why you left the office?

A: It was understood at the White House. I guess it was a combination of things. First of all, I never had any intention of staying longer than one term. And, secondly, I felt that in an approaching election year, I couldn't really accomplish much more by staying in the job. And I had a strong desire to return to California.

Q: Could you elaborate on what you mean by stating that with the election year coming, you wouldn't be able to . . . ?

A: Well, the Congress seemed to me to have a hard time dealing with some of the difficult problems, as did the administration in an election year. For example, in the areas of cost sharing, there was no great progress going to be made in that area because people didn't want to rock the boat. I thought I had given all the input I could give to the administration and to the Congress on that subject, and I didn't see any useful purpose in staying around any longer.

Q: Would you say that part of the problem was the Secretary of the Interior?

A: Well, I wasn't too happy with Interior on a couple of

occasions. But I wouldn't say that contributed to my decision to leave, no.

Q: In the Cabinet-Council, did not you and the Secretary or the Secretary's representative have some differences of opinion on cost sharing?

A: Yes. Particularly when Secretary Watt was there. I wasn't there long enough with Secretary Clark. But I think Secretary Watt and I did have some differences, largely by virtue of the different missions of our two organizations. Reclamation, in my judgment, has a different kind of project authorization procedure, for example. Each one of their projects is authorized on an individual basis. They go before different committees. And by and large they are very large projects, and each one of them is different, so they can orchestrate it without worrying too much about consistency.

I view the Corps' problem as different. I view the Corps as operating on a 50-state basis, and it is very important that the Corps deal uniformly with its constituency. For example, people who were desirous of flood control--the amount of federal contribution for flood control should be the same throughout the United States.

We had some differences of views in that regard; but again I don't view them as having been critical, and certainly they didn't play a significant part in terms of my decision to return to California.

Q: Well, I can understand your wanting to come back to Pebble Beach.

A: Yes. It was always my intention to do so.

Q: Mr. Gianelli, let's turn out attention for a moment to the non-Corps activities that you were involved with as Assistant Secretary of the Army for Civil Works. Two major non-Corps activities are the involvement in the Panama Canal and the administration of Arlington Cemetery. First of all, let me ask you how much time do you think is spent by the Secretary's office each year on Corps of Engineers work, Arlington, and the Panama Canal. Can you give me a rough kind of breakdown?

A: Yes, I have tried to do that and thought about that quite a bit. I'd say, if you took a time allocation, about 75 percent of my time would go to the Corps, about 20 percent to Panama, and maybe about 5 percent to Arlington, roughly. However, that changes from time to

time.

For example, the Panama Canal Commission required, when you went to Panama for a board meeting, a week at a time. But then there might not be anything for a couple of weeks or very little for the next two or three weeks after you got back. But I would say that's about a breakdown in terms of time and probably personnel, too, if you look at the personnel in the ASA's office.

Q: Do you have many people, or any people, who get involved in these three different areas--you know, just one person getting involved in three different areas?

A: Well, before I left, we took steps to reorganize part of the office. And I might indicate that to you. Before, we had a military assistant to the Panama Canal Commission chairman, who operated on a full-time basis on the Panama Canal activities, provided liaision in defense-related matters, and so forth. He also had a personal secretary. So those were two people.

The secretary of the commission has an office over in the Pennsylvania Building, in the District, and has, in addition to himself, about half a dozen people that work with him there. They primarily interface with the Congress and take care of the commission's activities that way. That office was responsible to me as the chairman of the commission, but it was separate from ASA. In other words, that's all they did.

Just before I left, it became apparent that we didn't need a military assistant on a full-time basis for Panama, so the office is now going through a reorganization. The full-time military assistant left for another assignment in September. In anticipation of that, we have taken the assistant executive officer of the ASA office and given him the responsibilities for Panama Canal and Arlington matters, in addition to backstopping the executive officer. These are both military colonels--one is a full colonel; the other is a lieutenant colonel. So from now on there will be a military person who does operate in the three areas, but his prime responsibility will be Panama. And then, beyond that, he will do Arlington. If he has any time left over, he will help out the executive officer.

Q: How about civilian personnel?

A: Civilian personnel, the female secretary, will be the same way. She will be allocated to the three functions basically, instead of solely with regard to the Panama

Canal. And that's about the only change, although the Panama Canal Commission office will stay the same over in the District.

Q: Okay, well, regarding the Panama Canal, what are the primary activities that you get involved with?

A: Well, let me also say as a further reasoning for the reorganization of the military assistants, I believe that it would be helpful to have a Corps officer as the person who would be involved with the Panama Canal affairs. That has not been the case in the past.

The Panama Canal Commission is a unique agency. It is a nine-person commission with five U.S. members and four Panamanians. I am the chairman of the commission, and the law provides that I can control the vote of the U.S. members if that were ever necessary. I have only done that once. My job as the chairman of the commission is to preside over the commission meetings where policy is established and budgets are considered. The chairmanship also requires considerable testifying on the Hill for the commission.

Q: May I ask what was the particular vote which you . . .

A: It had to do with a wage issue that was presented to the commission, as I recall.

Q: How many times a year did you go down to Panama?

A: About four or five times a year. While I was in the job of Assistant Secretary, I went down there 16 times over the approximately three-year period. The commission normally has four meetings a year, and three of the meetings are in Panama and one in the United States; but I found it necessary to go down there between meetings on occasion to take care of some element of business for the commission. For example, I accompanied the Secretary of Defense on one of his visits last year; I wanted to be sure he had an opportunity to view some of the canal operations.

Q: What kind of things are you talking about?

A: Well, some of the commission's activities interface with the military and the defense of the canal, and the defense generally. So it is necessary for me, as chairman of the commission, to keep in touch with the Southern Command, which operates out of Panama. Many of the personnel problems we have cover both military and commission personnel. Mr. Weinberger had not been to

Panama before, and I was anxious that he see the operation of the canal and some of its problems.

The commission will go out of business in the year 2000 when the whole facility is turned over to Panama. In addition to the full-time U.S. administrator, there is a Panamanian deputy administrator on the job. The two of them operate as the managers of the system on site, but the policy decisions are made by the full commission.

Q: Was there not a Panama Canal Commission before the treaty, too?

A: Yes, throughout recent years prior to the treat, there was the Panama Canal Company which was headed by a Corps of Engineers general acting as Governor of the Canal Zone. There was also a board of directors that served this Panama Canal Company. That all changed with the treaty. The treaty did away with all that, and you now have a commission, a nine-man commission, which will be in existence until the year 2000.

Q: And you are the chairman of the commission.

A: I'm the chairman.

Q: You still are chairman of the commission?

A: Well, yes. What happened was that when I indicated that I wanted to come back to California and resign my position as Assistant Secretary of the Army, the Secretary of Defense indicated that he would like very much for me to stay on as chairman of the Panama Canal Commission. I told him I would be willing to do that on a voluntary basis if the law could be changed that would authorize me to do that, since the present law assumes the Assistant Secretary of the Army for Civil Works would carry out that function. Legislation was introduced and was passed in June and signed by the President, allowing me, even though I retired from my position as Assistant Secretary, to carry on as chairman of the Panama Canal Commission at the pleasure of the Secretary of Defense.

Q: Does it specifically name you?

A: Yes. It names me. Now, when I leave, the function will undoubtedly go back to the ASA unless they change the law again. But a specific law was passed to allow me to continue as chairman of the Panama Canal Commission on a voluntary basis, without pay, so long as the Secretary of Defense wanted me to do so.

Q: Why do you think the Secretary was so keen on having you remain?

A: Well, I think he believes that the chairmanship of the commission is a very sensitive position. I had been down there for three years. Practically all of the members of the commission are recent appointees, except one who carried over. I believe he just felt that at this particular time, with the new president of Panama going to take office in October, it would be better to have an experienced person involved for the time being.

Q: Does that also mean that, in fact, you still have authority in OASACW--I mean, in terms of dealing with the people there who are working on Panama Canal matters?

A: Well, for example, the military assistant that I talked about will be responsible to me in terms of Panama Canal Commission activities. He will be responsible to ASA, whoever is there, for other functions that he performs. So there will still be an interplay, that's right.

Q: What is your feeling about the Panama Canal treaty?

A: Well, I think something had to be done down there at the time they signed the treaty. I am reading another book, incidentally, which gives the history of the negotiations, by former Ambassador to Panama William Jordan. I'm only part way through it. But it talks about all the negotiations, which I'm finding very enlightening. I guess my feeling was that something had to be done down there to change the relationship with Panama. Whether we had to go as far as we did or not, I think, is still a question, but I certainly don't think it is up to me to second-guess those people who were negotiating the treaties.

We are having some problems now that could have been avoided if the treaty had allowed more discretion to the commission. So there are some things, in hindsight, that would have been a lot easier if they had done them differently, certainly.

Q: Is the Panamanian government cooperating with American authorities in general?

A: Well, generally, but one of the things that I have perceived is that the economy down there is in very bad shape. Any time the government of Panama can get some additional outside financial help from anybody, they are going to try and do it. As a result, it seems to me they are making continual efforts to get the United States to

do more things down there which probably are not appropriate for the United States to do. For example, one of the arguments we are having right now is on widening the canal. The Panamanians think the U.S. government should provide funds for the enlargement. We don't think that's the case. It should be funded by those who will benefit from the work.

The other problem that concerns me somewhat is the lack of continuity in the Panamanian government. For example, they will have had four presidents there since I've been on the commission in the last three and a half years.

The other thing that I worry a little bit about is whether or not, when the Panamanians assume the responsibility for operating the canal in the year 2000, they will perform the necessary maintenance to keep the canal open and operating. The trans-isthmus railroad, which was turned over to Panama at the time of the treaty, is in very bad shape now due to lack of maintenance and attention.

Q: Are there some issues dealing with Panama that perhaps you want to put on the tape that I haven't asked you about?

A: Yes. There are two--two big issues that are going to have to be faced. One of them is whether or not the canal can be widened. There are certain stretches of the canal that are constrained now, primarily the Culebra Cut where only one ship can go through at a time. That widening will cost several hundred million dollars. The other issue is that the treaty required a study to be made before the year 2000 on whether or not it was feasible to build a sea-level canal. And that is going to be a controversial and complex issue and a difficult one. The State Department is heading a task force to look at that problem. The Corps has a member on that task force. He attends every meeting on this subject. They are developing the study plan right now. One of the things the task force is coming up with, in addition to studying the sea-level canal, is to look at other alternatives, like adding other locks or enlarging the present system.

Those are going to be two issues that will be in the forefront in the years immediately ahead, in addition, of course, to the continuing problems that the canal has in terms of its operation and maintenance.

Q: Well, generally speaking, what kind of problems are you talking about?

A: Well, those are the problems of a system more than seventy years old--keeping it operating. The problems of setting adequate tolls to make certain the canal operation is self-supporting.

Another argument before the Congress now is on accident claims; how claims to accidents are to be handled. The treaty provided that the claims on accidents outside the locks be handled differently than those inside the locks. P.L. 96-70, which implemented the treaty, provided that the Congress had to approve damage claims over $120,000 outside the locks. The Congress has received about a dozen of those claims in the last few years, and it hasn't been able to act on them. This inaction presents a difficult situation.

Another problem is the desire by some of the South American countries to keep the tolls at a very low rate and to give themselves some sort of a priority, because they say they have a vested interest in the canal and should be accorded special treatment. There is also agitation to make the Canal Commission operate independently as a corporate entity rather than being an appropriated U.S. federal fund agency. At present we have to secure approval of the Congress on appropriations, yet we have to operate within the tolls we collect.

You also have the continuing problem that the Panamanians don't recognize Public Law 96-70, which is the implementation law passed by the Congress following the treaty. These are just some of the problems.

Q: When was the last time tolls were raised?

A: We raised them a year ago in March. About a year and a half ago.

Q: Do you have any idea how many times the tolls have been raised since . . . ?

A: Not very many times. In fact, I think this was about the third toll increase. There was an increase when the treaty was passed, because with the advent of the treaty we are now paying Panama around $75 million a year, whereas before they were paid only one or two million dollars. So there had to be a big increase at the time the treaty was signed; but the one last year was the first one since that time.

We don't believe we are going to have to raise tolls

again next year so long as the traffic goes up. One of the things that happened to adversely affect the tolls was that the Panamanians in 1982 built a trans-isthmus oil pipeline, which eliminated about six ships a day that formerly transited the canal. That drop in traffic was a big drop in revenue for us. That is one of the reasons we had to raise tolls last year. Those big supertankers that came down from Alaska pumped oil across the isthmus in a pipeline instead of using ships. In addition, ocean traffic was generally down everywhere in the world.

Overall, I believe it makes sense to have the commission as part of the ASA's civil works activities, because there are interfaces with the Corps. It is an engineering job. The Corps did supervise the completion of the canal; and if any substantial new work is going to be carried on there, I would expect the Corps to have a major role in that.

Q: Let's turn our attention to Arlington Cemetery for a moment. Any particular problems associated with Arlington?

A: Yes. Arlington has a number of unique problems, and that's one area in my Washington assignment where I probably accomplished the most. I was able to get a commitment out of OMB to build a visitor facility at Arlington, which is very badly needed. In the budget that we worked out with OMB this year, $700,000 has been allocated for design; and OMB is committed in the next two years to provide $15-$20 million to complete the visitor facility. So I am very, very pleased about that. The other thing that we accomplished was the interment of a Vietnam unknown. I am pleased now that our efforts culminated in the interment of a Vietnam unknown, so that he could be honored as well as the unknowns from World Wars I and II and the Korean conflict. I feel good about having a major role in each one of those efforts.

There are other continual problems with Arlington Cemetery. For example, there is the matter of qualification for burial. Extremely sensitive. The law provides that certain criteria have to be met before you are eligible to be buried there, and there are provisions for exceptions to those rules. Decisions on exceptions have to be made by the Secretary of the Army or by the President. The requests are extremely sensitive sometimes because they may be from important political figures or other prominent Americans.

We have been able to administer that program and make recommendations both to the Secretary and to the

President on interment with a minimum of conflict. I believe we have kept it the way it was originally intended--as a shrine for those war dead who served their country.

Q: I would just like to ask you a couple of questions in closing. Were you always a Republican?

A: No. I've not always been a Republican. In fact, I was appointed by the then Governor Reagan in California when I was a registered Democrat. I was one of his first appointees and was his first appointee as a registered Democrat. I had not been active in politics, but I was registered as a Democrat at that time. I have since changed but did not do so until I left the Reagan administration in California, because I didn't want to be accused of changing my registration in order to court his favor. So I stayed a Democrat until I resigned as Director of Water Resources. Then I changed to a Republican about 11 years ago and have been one ever since.

Q: Would you--to what extent would you think of yourself as a political animal?

A: I really never have thought of myself as a political animal but rather as a professional engineer. That's partly responsible for the way I approached some of the problems that I believed the Corps had. I guess I wanted the Corps to be nonpolitical, and I wanted to have the Corps do things which were nonpolitical and based on merit. In retrospect, I guess that's a little naive. But I still harbor the desire to see the Corps have to react to political pressure as an exception rather than the rule.

I am told that I got much more involved with what the Corps was doing during my term than any of the other Assistant Secretaries have since the office was created, and I guess that reflects on the fact that I feel I am more of a professional than I am a political person.

Q: You might recall the last time I talked to you; we had this little dialogue at one point in which you were talking about the Board of Engineers for Rivers and Harbors and about their being more responsive to some of the administrative positions than they have been. And I said something to the effect, "Isn't that bad, though, injecting political questions into an independent review process?" And you said, well, you just thought that was good management. And so the question is, do you think that the Republican philosophy, at least as articulated

by Ronald Reagan and by the people whom Reagan has appointed, reflects better management?

A: Well, let me say this. When you talk about the Corps' civil works programs, I view, for example, the last administration of the Democrats as being more detrimental to the Corps' civil works programs than our efforts. For example, President Carter, as I recall, very prominently made it known that he wasn't enthusiastic about civil works projects and even had a hit list of federal water projects.

I have never been able to tell what the rationale was for developing that hit list, if he had one. We haven't approached the problems that way. The President believes there is a role for the federal government, say, in water resource development. And there is certainly a role for the Corps in the federal government. But that role has got to be an appropriate one. So I guess what we were trying to do was to build a base which would allow good Corps civil works projects in the future to go ahead unencumbered by the political pressure that I think has existed in the past. That was my goal, at least, because I could see from my exposure that the Corps was being required to do some things that didn't make much sense in terms of project feasibility or needed projects.

So I guess I had hoped to develop a system that would be more meritorious and more nonpolitical, which would allow projects to go ahead when they had merit, and which would provide funding other than solely from the federal government.

I have viewed what this administration has been trying to do as being more for good water projects but changing the way in which they were authorized and funded. We didn't have any kind of a hit list. But what we did try to say was, "Let's have the good projects go ahead and provide more of a system whereby meritorious works could proceed whether they were sponsored by an influential member of Congress or not." Hopefully, it would remove connotations of pork barrel. At the same time, the credibility of the Corps' programs, both within the government and more importantly with the taxpayers themselves, would be enhanced.

Q: Well, in closing then, let me give you the opportunity to make any other comments or observations you wanted to make that maybe I haven't elicited from you at this point.

A: No. The only point I want to leave, though, is that I

had a very high regard for the Corps when I came into the job, from my past exposures and from being a World War II Corps officer. I still have that high regard for the Corps. I think maybe many of your questions tended to focus on the negative and to create the impression that I am not a Corps supporter.

I guess my hope is or was to have the Corps operate in what I believe would be a highly professional manner, which would enhance its reputation throughout the nation as the government's engineer. So I hope that, in retrospect, anybody who views my time in Washington will see it as one in which I tried to make some changes but with the hope and expectation of enhancing the Corps as an entity, rather than tearing it down. I had no desire and still have no desire to dismantle the Corps. That is the furthest thing from my mind. But what I did have in mind was to try to make it operate in a way that I felt was more responsible and which would add to its credit in the future. If anything, I hope people can look back on some of the things that I tried to do as forerunners of the future and as attempts to move the Corps in that direction.

Q: Mr. Gianelli, your answer leads me to another question. And let me just make one observation before I ask you the question.

As you must know, or realize, the relationship between you and the Corps was not always smooth. There were times that the Corps, I suppose I can speak generically, was somewhat suspicious of your motives. At least reluctant sometimes to implement your decisions. And so the question is, now looking back, is there anything you think you could have done to smooth the relationship with the Corps: something that may have gotten what you wanted done quicker, but might not have ruffled the feathers of some of the people in the Corps as it did?

A: There is one thing that I did feel bad about and that was that I wasn't able to spend more time with the Districts in the field. I really felt that some of the things we were trying to do didn't get down to the District level in the way that I intended. I think it would have helped to have more sessions at the District level with District staff so that there was a chance for dialogue back and forth. I think that would have been more helpful. Unfortunately, there are only so many hours in the day. In retrospect, I would have tried, somehow or other, to reprogram myself and let some other things go at the Washington level in order to spend more time in the field, particularly with the Districts, because

that's where the people meet the public. And while OCE is important in terms of the scheme of things, as are the Divisions, the District Engineers are the fellows who are really on the firing line; and I think it would have been helpful to spend more time with them.

The other thing that I wanted to do, and I just got started at the end, was to make arrangements for communicating with the field directly. I found that if there was a particular subject of interest, I could bring in somebody who was an expert in that area and tape an informal dialogue for immediate distribution to the field. The feedback from those tapes was helpful in knowing how well our messages were getting down to the District level. I used this technique quite successfully in California. I did that once with the Corps, and it was in connection with a presentation I made to the Congress on regulatory reform. I don't know whether you ever saw it or not, but we found out that it had been taped by one of the public education TV channels. So we got the tape, and I spoke at the beginning and at the end of the tape to put it in perspective, and we sent it to the field. I got some very favorable responses.

Q: How about OCE? Is there anything that you think you could have or would have done differently?

A: I don't know whether there was anything more with respect to OCE specifically. There might have been some more informal sessions with key personnel on various subjects, again, to provide me with their input as well as to keep them better informed on what I was trying to do. In other words, more of a two-way dialogue. I always felt more resistance to change at the OCE level than at the District level.

Q: How much were you involved in the reorganization of OCE?

A: Practically not at all. It was submitted to me, and I asked General Bratton to hold it up for a while--which he did--because, you may recall, it came about at the time we were having a new Director of Civil Works. I asked the general to hold it up until we had a new director on board, which he did. The reorganization was his idea. We finally signed off on the arrangement, although I still have some mixed feelings about whether it was good or not. However, the Chief was anxious to bring it about; so when we were able to get the new Director of Civil Works aboard and he could feel comfortable with it, we approved implementation. But it was at the Chief's initiation.

Q: Why would you have to sign off on something like that? I mean, it is an internal Corps reorganization.

A: Well, the problem was, it changed some of the relationships that ASA had with the Corps' top people. I think the Chief did it probably as a matter of courtesy, and I think if he hadn't done it, it might have created some problems. I think in anything that affects the interrelationship of the office, it's good, certainly good management, to run it by the office of ASA, whether it is required or not.

Q: Okay, well, thank you very much for your time.

A: Well, I am delighted.